



GSAssociates, LLC.

Business Partners and Certified Public Accountants



Independent Auditor's System Report
For Payphone Compensation
As required by FCC Order 03-235
Docket No. 96-128



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Independent Auditor's System Audit Report

Senior Management

Business Telecommunications Services, Inc.

At the request of the management of Business Telecommunications Services, Inc. (BTS), we have examined the call tracking systems of BTS for payphone calls in compliance with FCC Order 03-235, Docket No 96-128. BTS management is responsible for compliance with those requirements. (See Appendix 'B') Our responsibility is to express an opinion on BTS's compliance based on our examination.

Our examination included procedures to obtain reasonable assurance about whether the controls included in our audit were suitably designed to achieve the control objectives – namely, that the call tracking system of BTS accurately tracks payphone calls to completion and that BTS satisfactorily complied with and applied these controls and such controls will be placed in operation consistently in the future.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence of compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on BTS's compliance with specified requirements.

In our opinion, BTS complied, in all material respects, with the aforementioned requirements for the period mentioned through June 30, 2008. BTS has sufficient controls in place to provide reasonable assurance to achieve the control objectives namely that the BTS's call tracking system accurately tracks payphone calls to completion.

The description of policies & procedures concerning Payphone Compensation at BTS, as well as information concerning tests of the operating effectiveness includes the period of Q2 2008. Information concerning payments made includes the period through Q4 2007 which is the latest quarter that BTS has processed and remitted compensation to payphone service providers. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at BTS is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of BTS, and is not intended to be and should not be used by anyone other than the specified party.

GSAssociates, CPAs

GSAssociates
June 30, 2008



Overview of System Audit Requirements

This System Audit Report covers FCC Order (03-235, Docket No 96-128), effective July 1, 2004, requiring Interexchange Carriers (IXC's), Local Exchange Carriers (LEC's) and Switch Based Resellers (SBR's) to establish and maintain a comprehensive Call Tracking System (CTS) which accurately reports and compensates Payphone Service Providers (PSP's).

The Order calls for an independent third party audit report in conformity with AICPA standards. The independent auditor's report shall conclude whether the SBR, LEC, or IXC complied, in all material respects, with the factors set forth (below) regarding the CTS as follows:

- 1) Whether the SBR's procedures accurately reflect the Commission's rules, including the attestation reporting requirements.
- 2) Whether the SBR has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
- 3) Whether the SBR has effective data monitoring procedures.
- 4) Whether the SBR adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.
- 5) Whether the SBR has created a compensable payphone call file by matching call detail records against payphone identifiers.
- 6) Whether the SBR has procedures to incorporate call data into required reports.
- 7) Whether the SBR has implemented procedures and controls needed to resolve disputes.
- 8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial, and
- 9) Whether the SBR's have adequate and effective business rules for implementing and paying payphone compensation.



Background

Business Telecommunications Services (BTS) resells telecommunications services to both wholesale and prepaid customers. BTS provides these services in the United States via two platforms. 1. NACT switch; which handles TDM inbound calls. 2. Entice switch which handles SIP inbound calls, converts them to TDM and routes to the NACT switch. All prepaid calls are terminated through the NACT switch for prepaid phone cards over the BTS Voip Network. BTS utilizes the services of an outside clearinghouse, Atlantax Systems (ATLANTAX) to process payments to PSP's.

Audit Process & Procedures

BTS has been compensating PSP's through ATLANTAX, a payphone clearinghouse for 5 years. Prior to that BTS was compensating PSP's through opt in agreements with its primary carrier Global Crossing. The primary focus of our audit was the testing of BTS's call tracking system, policies and procedures. Specifically, is BTS able on a consistent basis able to identify, isolate and report on completed calls to its platform? We performed test calls and reviewed CDR to test the effectiveness of the Call Tracking System. BTS has contracted with ALANTAX for payment clearinghouse services. As such, GSA will certify BTS's compliance on points 1 – 5, 8, and 9 inclusive, points 6 and 7 are covered under ATLANTAX's SAS 70 (Appendix 'A'). Although BTS utilizes the services of an outside clearinghouse, it does not relinquish ultimate responsibility for payments to PSP's. As such it is important that BTS continuously monitor the process and results of the clearinghouse to be sure that disputes do not arise. Through interviews with key personnel we will determine if those employees charged with operating and maintaining the call tracking system are educated and up to date on the current FCC order. These interviews will also assist in identifying if any gaps exist in the current process in the past or potentially in the future. We will also conduct interviews to determine if the appropriate controls are in place to guarantee consistency and accuracy in the compensation and call tracking systems.

The guidelines used to conduct and prepare this report are established in the AICPA's Statements on Standards for Attestation Engagements (SSAE), specifically, SSAE 10, AT Section 101 *Attest Engagements* and AT Section 601 *Compliance Attestation*.



Those standards required that we:

- 1) Have adequate technical training and proficiency in the attest function.
- 2) Perform the attest function using practitioners having adequate knowledge of the subject matter.
- 3) Evaluate the subject matter against suitable criteria such as:
 - a) *Objectivity* – free of bias
 - b) *Measurability* – reasonable consistent measurements, qualitative or quantitative, of subject matter.
 - c) *Completeness* – sufficiently complete so that relevant factors that would alter a conclusion about subject matter are not omitted.
 - d) *Relevance* – criteria relevant to the subject matter.
- 4) Maintain an independent mental attitude in all matters relating to the engagement.
- 5) Exercise due professional care in the planning and performance of the engagement.
- 6) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

FACTOR 1: Payphone Compensation Policies & Procedures.

BTS has established and documented policies & procedures in compliance with the Dial Around Compensation FCC order. BTS conducted an initial systems audit as part of their Payphone Compensation Audit in 2004. Since transferring payment responsibilities from their carriers to in house processing, BTS has also been audited by an independent third party per FCC guidelines. The recommendations from the original system audit have been implemented, and subsequent system audits found these procedures to be in place. GSA also witnessed and/or tested some of the points as listed below. Some of the points are not applicable because BTS's platform is located offsite at a secure facility. These include, but are not limited to:

1. Backup Policy – Documented.
2. Log Tracking & Archive Process – Documented.
3. Core Security Policy – Offsite – Documented.
4. Physical Security Policy.
 - a. Onsite – Documented/Tested.
 - b. Offsite – Documented.
5. Host / Server Security Policy – Offsite – Documented.
6. Change Control Policy – Documented.
7. Password Policy – Documented/Tested.
8. Information Access Control Policy – Documented/Tested.
9. Monitoring Policy – Documented.
10. Firewall Policy – Tested.



BTS has also drafted and implemented a dispute resolution process which includes but is not limited to:

1. Responsible parties
2. Data file Retention period
3. Compensation file Retention period
4. Compensation reporting requirements

BTS has in place a detailed process document which outlines the steps necessary to retrieve and consolidate data from its two platforms in preparation for transfer to ATLANTAX. This procedure guarantees that the integrity of data on a month by month/quarter by quarter basis will be consistent. This document includes but is not limited to:

1. Responsible parties
2. Location of databases
3. Steps for uploading data to clearing house.

GSA has previously reviewed these documents and conducted interviews to validate that they are still in use and current. GSA interviewed the responsible parties for IT and IS and determined that no material changes have been made to the Call Tracking System, programs or stored procedures in the past year. The IS manager confirmed that no changes can be made to any platforms or programs without his approval.

FACTOR 2: Responsible Dedicated Staff.

BTS has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. CFO, Andres Proano, is responsible for drafting necessary business requirements.
2. CIO, Luis Benavente is responsible for developing & maintaining systems to create payphone call records from switch records.
3. CIO, Luis Benavente is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. CIO, Luis Benavente is responsible for implementing & maintaining procedures that create final compensation data sets.
5. CIO, Luis Benavente is responsible for developing compensation tracking reports.
6. CFO, Andres Proano is responsible for dispute resolutions.

These individuals have expertise regarding the systems and procedures and are involved on day to day basis with the process.



FACTOR 3: Data Monitoring Procedures.

BTS has developed a systematic reporting process that can generate daily, monthly and quarterly reports on payphone call counts, numbers called, and info digits used as a subset of their total CDR accumulation. Currently BTS is utilizing the services of ATLANTAX, a payphone compensation clearinghouse to fulfill its requirements to PSP's. As such, ATLANTAX has provided to BTS formats and data requests to facilitate the transfer of data and the processing and payment of compensation to PSP's. Management regularly reviews this data on a monthly and quarterly basis for accuracy and completeness. GSA has been provided with this data and has determined that BTS can produce reports on a regular basis that reflect:

- a) Trends of switch traffic volumes entering their payphone compensation systems.
- b) Possible fraud on potential illegitimate payphone calls.
- c) Trends of excluded calls.
- d) The capability to develop customized reports to help resolve disputes.
- e) Capacity for other appropriate trending reports.

Switch information is extracted every 2 minutes which insures that in the event of switch outage the chance of lost CDR is minimized. BTS regularly reviews carrier CDR in relation to its switch CDR, errors are immediately addressed with the carrier in question, and corrections are made. GSA found that the switch technicians were knowledgeable in the operation of both platforms and were proactive in their monitoring of traffic and switch performance. Through interviews with technicians it was determined that no material changes other than regular maintenance has been made to any platform that is used to capture payphone compensation data.

FACTOR #4: Compensation Assurance Protocols.

BTS has established procedures (refer to Audit Factor #2) which guarantee that the company will remain in compliance with current FCC requirements. These procedures ensure that software, personnel, or any other network changes or additions to the payphone compensation process are done in accordance with guidelines and approvals documented in the aforementioned procedure section and do not adversely affect its call tracking capabilities. BTS has placed the ownership of these processes with senior management, insuring that no changes which could jeopardize the process can occur. GSA has previously reviewed these documented procedures and management has attested to the continued compliance with these procedures (Appendix 'B'). In addition, by utilizing the services of ATLANTAX, Legal Counsel; Kelly Drye, BTS will remain informed of all pertinent changes to the FCC mandated compensation regulations. BTS maintains at a minimum the 6 quarters of past CDR and Compensation files required by the FCC.



FACTOR #5: Compensable Call File and Reporting.

BTS retrieves all data directly from carrier and company CDR and prepares online reports for utilization in the compensation process. BTS has documented this process including the various queries utilized to extract the data. BTS provided samples of CDR, and also provided to GSA the raw switch data from their server and the ATLANTAX formatted data for comparison. BTS also provided CDR specifically for test calls that GSA made for review. We determined that these files contained all of the necessary data that is required by the clearinghouse to perform the ANI match and to prepare detailed reports for compensation. BTS achieved 100% accuracy with test calls conducted. BTS also indicated that its compensation captures all traffic from in bound toll free numbers regardless of what the utilization of the toll free. By doing this BTS insures that it will capture all payphone calls including those which are pointed at its customer service center.

FACTOR #6: Required Reporting.

ATLANTAX through contractual arrangements with BTS is responsible for this factor. (Appendix 'A'). BTS receives summary data from the clearing house each quarter. Andres Proano, CFO, reviews this data for accuracy before remitting to ATLANTAX. GSA has reviewed this process and tested for accuracy. The Q4 07 data was complete and accurate. GSA matched this data with switch CDR successfully.

FACTOR #7: Dispute Resolution Procedures.

7.1 Atlantax Contractual Obligation

ATLANTAX through its contract with BTS will handle all disputes that arise from the matching and payment of payphone compensation. It is their obligation to keep current data for payphone ownership to insure accurate and timely payments (Appendix 'A').



7.2 BTS Dispute Resolution Process

BTS has assigned their CFO, Mr. Andres Proano, as the individual responsible for processing payments to PSP's and aggregators through its clearing house ATLANTAX and for managing the in house payphone compensation system. BTS has documented its dispute resolution process. BTS indicated that they were not involved in any disputes in 2007.

GSA has reviewed both processes and found them to be complete and all encompassing.

FACTOR #8: Independent Testing of Critical Controls and Procedures.

8.1 Payphone Call Tracking System Test

BTS operates as a provider of prepaid telecom products. Their platforms are capable of capturing all relevant components of the call stream from origination to completion. This ability is the backbone of its call tracking system. In order to test the accuracy of the call tracking system, BTS provided GSA with several test pins. GSA used these pins to conduct test calls from several sources including payphones, landlines and wireless lines. Our test calls were both completed and incomplete. We determined the following:

1. All necessary information, related to call origination, required to record payphone calls appears. BTS defines procedures for identifying the accurate Payphone Operator code from the ANI data transmission and, further, identifies their coding procedures for segmenting completed calls with payphone codes.
2. Toll Free Number was present. This is used to determine if compensation should be paid, or not paid based on alternative compensation agreements.
3. Date and Time stamp, necessary to process a compensable call in the appropriate quarter.
4. Payphone Identifier, to further help identify a compensable call.

BTS by virtue of its Voip network for completions does not receive answer supervision to monitor if a call has been completed. Therefore BTS relies on time stamp and duration to indicate a completed call. Essentially any call greater than 0 seconds is considered complete by BTS. This methodology is accepted practice in the industry, and may actually result in BTS compensating a PSP for an incomplete call.

BTS has executed no opt in agreements with any of its originating carriers, and assumes 100% responsibility for payphone compensation.



8.2 Alternate Compensation Agreements

BTS does not currently have any alternate compensation agreements with its wholesalers or customers.

FACTOR #9: Adequate and Effective Business Rules.

Through observations and interviews of key personnel at BTS, GSA found that all of the procedures documented here are instituted throughout the organization. The personnel assigned to various aspects of the system are well versed in the process, and understand the rules and consequences of non compliance. Therefore with the combination of education, procedures, executive oversight and outside consulting, BTS has in place adequate and effective business rules for implementing and paying payphone compensation in a timely and accurate basis.

Audit Conclusions

1. FCC Relevant Rules Accurately Stated

BTS has established, defined, and documented in accordance with relevant FCC Rules each of the following:

- Per-call rate.
- Per-phone requirements.
- Calls included as compensable calls
- Definition of completed call.
- Reporting requirements.
- Dispute resolution
- Data Storage Requirements.

2. Established Security Protocols

BTS has implemented security protocols to limit access to call tracking systems in a controlled environment to authorized personnel. Monitoring tracking systems have been installed to limit access to the company's call tracking system. Access to compensation systems is controlled and monitored as well as limited to authorized personnel through security measures which have been implemented.



3. Audit Findings

BTS, a Florida Corporation, with principal operations in Miami, Florida since 2001, is a provider of prepaid telecom products and services. BTS provides these services from its operations in Miami, Florida as well as from co-location facilities at Terramark in Miami Florida. GSA has validated payments made through Q4 of 2007, and received verification that payments were made for previous quarters in 2007, as such GSA has determined that BTS is in compliance with all factors of FCC Order 03-235, Docket No 96-128. GSA has verified that BTS has a viable compensation system that accurately tracks and reports payphone calls. We have determined that the Company will be able to continue to operate their compensation system accurately and consistently in the future.



APPENDIX 'A' – Atlantax SAS 70

Independent Service Organization Auditor's Report

Board of Directors
Atlantax Systems, Inc.

We have examined the accompanying description of compensation system controls (and policies and procedures) of Atlantax Systems, Inc. ("Atlantax") for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, for the period of April 1, 2005 to March 31, 2006, applicable to recordkeeping, reporting, and payment services provided by Atlantax to its clients. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of Atlantax's controls relevant to the FCC Order (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of March 31, 2006. The control objectives were specified by Atlantax's management. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls presents fairly, in all material respects, the relevant aspects of Atlantax's controls that had been placed in operation as of March 31, 2006. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily.

In addition to procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in the **Control Objectives** section, to obtain evidence about their effectiveness in meeting the control objectives during the period from April 1, 2005 to March 31, 2006. The specific controls and the nature, timing, extent, and results of the tests are listed in the **Controls & Results** section. This information has been provided to Atlantax's user organizations and to their auditors to be taken into consideration, along with information about the internal control structure at Atlantax. In our opinion, the controls that were tested, as described in the **Controls & Results** section, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved during the period examined.



The relative effectiveness and significance of specific controls at Atlantax and their effect on assessments of control risk at Atlantax client users are dependent on their interaction with internal controls, and other factors present at individual user clients. We have performed no procedures to evaluate the effectiveness of internal controls at individual user clients.

The description of controls concerning Payphone Compensation at Atlantax as of March 31, 2006, as well as information concerning tests of the operating effectiveness and payments made includes the period of Q3 2005. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at Atlantax is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of Atlantax Systems, Inc. and is not intended to be and should not be used by anyone other than the specified party.

GSAssociates, CPAs

GSAssociates, LLC

June 30, 2007



APPENDIX 'B' – Management Attestation



Business Telecommunications Services, Inc.

Report of Management on Compliance with Applicable Requirements of Section 64.1310(a)(1) of the FCC's Rules and Regulations

The management of Business Telecommunications Services, Inc. is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of Section 64.1310(a)(1) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the company's compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that as of July 1, 2004, the Company complies with all applicable requirements of CC Docket No. 96-128.

We have prepared the required assertion statements relating to the Company Payphone Call Tracking Systems.

Company is acknowledged as the "Completing Carrier" in the following call scenarios:

- Local Toll and Local Operated assisted calls with the Info Digits (7, 27, and 70) completed by Company ("0" indicator).

All assertions for Company are from the point Company has visibility to the call tracking data.

Company utilizes a payment clearinghouse for payphone compensation settlement. As such, Factors (6) and (7) in their entirety and Factors (8) and (9) collectively are covered under the SAS-70 compliance report issued for the clearinghouse. Company has procedures in place to verify that controls and procedures relating to these assertions have been established and maintained. An independent accounting firm has performed an independent assessment of the effectiveness of such controls.

Company represents the following assertions where it is identified as the Completing Carrier:

FCC Compliance Factor (1) – Company ("Completing Carrier") procedures accurately track calls to completion.

FCC Compliance Factor (2) – Company ("Completing Carrier") has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.

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Business Telecommunications Services, Inc.

FCC Compliance Factor (3) - Company ("Completing Carrier") has effective data monitoring procedures.

FCC Compliance Factor (4) - Company ("Completing Carrier") adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.

FCC Compliance Factor (5) - Company ("Completing Carrier") creates a compensable payphone call file by using internal customer information matched to toll free records. This file contains all payphone traffic with payphone identifiers.

FCC Compliance Factor (6) - Company ("Completing Carrier") has procedures to incorporate call data into required reports and making payment to PSPs.

FCC Compliance Factor (7) - Company ("Completing Carrier") has implemented procedures and controls needed to resolve payphone compensation disputes.

FCC Compliance Factor (8) - Critical controls and procedures have been tested by Company ("Completing Carrier") to verify that errors are insubstantial.

FCC Compliance Factor (9) - Company ("Completing Carrier") has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.

Dated: May 30, 2008


Andres Proano
Chief Financial Officer
Business Telecommunications Services, Inc.

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